

Federal Compliance Audit

Green Mountain Transit Authority

June 30, 2019



Proven Expertise & Integrity

GREEN MOUNTAIN TRANSIT AUTHORITY

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JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Green Mountain Transit Authority
Burlington, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the major fund of Green Mountain Transit Authority, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

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reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the major fund of Green Mountain Transit Authority as of June 30, 2019 and the respective changes in financial position and where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Green Mountain Transit Authority's basic financial statements. The Schedules of Operating Revenues and Subsidies and Schedules of Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The Schedules of Operating Revenues and Subsidies, Schedules of Expenses and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Revenues and Subsidies, Schedule of Expenses and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2020, on our consideration of Green Mountain Transit Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in considering the Green Mountain Transit Authority's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
February 10, 2020

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**
(UNAUDITED)

The following management's discussion and analysis of Green Mountain Transit Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Authority's financial statements.

Financial Statement Overview

The Authority's basic financial statements include the following components: 1) proprietary fund financial statements and 2) notes to the financial statements. This report also includes required supplementary information which consists of other supplementary information including combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in the proprietary fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Statement of Cash Flows - this statement presents information on the effects changes in assets, deferred outflows of resources, liabilities, deferred inflows of resources and operations have on cash during the course of the fiscal year.

Both of the above-mentioned financial statements have one column for the Authority's activities. The type of activity presented for the Authority is:

- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Proprietary Fund Financial Statements. The Notes to Financial Statements can be found following the Statements of Cash Flows.

Other Supplementary Information

Other supplementary information follows the notes to the financial statements. These combining and other schedules provide information in regard to operating revenues and subsidies and expenses.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Authority's business-type activities. The Authority's net position decreased by \$573,608 from \$33,040,165 to \$32,466,557.

Table 1
Green Mountain Transit Authority
Net Position
June 30,

	2019	2018 (Restated)
Assets:		
Current Assets	\$ 6,648,834	\$ 4,494,632
Noncurrent Assets	<u>30,104,866</u>	<u>30,628,967</u>
Total Assets	<u><u>\$ 36,753,700</u></u>	<u><u>\$ 35,123,599</u></u>
 Liabilities:		
Current Liabilities	\$ 3,172,844	\$ 948,980
Noncurrent Liabilities	<u>1,057,687</u>	<u>1,085,819</u>
Total Liabilities	<u><u>\$ 4,230,531</u></u>	<u><u>\$ 2,034,799</u></u>
 Deferred Inflows of Resources:		
Deferred Revenue	\$ 56,612	\$ 48,635
Total Deferred Inflows of Resources	<u><u>\$ 56,612</u></u>	<u><u>\$ 48,635</u></u>
 Net Position:		
Net Investment in Capital Assets	\$ 29,855,736	\$ 30,342,828
Restricted	823,730	957,675
Unrestricted	<u>1,787,091</u>	<u>1,739,662</u>
Total Net Position	<u><u>\$ 32,466,557</u></u>	<u><u>\$ 33,040,165</u></u>

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased by \$47,429 from \$1,739,662 to a balance of \$1,787,091 at the end of this year.

Table 2
Green Mountain Transit Authority
Changes in Net Position
For the Years Ended June 30,

	2019	2018
Operating Revenues:		
Purchase of services	\$ 4,646,550	\$ 4,075,932
Intergovernmental	16,637,182	16,158,523
Other income	199,875	121,080
Total Operating Revenues	<u>21,483,607</u>	<u>20,355,535</u>
Operating Expenses:		
Transportation	<u>21,096,703</u>	<u>20,558,400</u>
Operating income (loss)	<u>386,904</u>	<u>(202,865)</u>
Nonoperating revenues (expenses)		
Contributions	3,203,655	5,949,821
Other nonoperating revenue	49,978	(37,908)
Nonoperating expense	(4,062,077)	(4,059,471)
Change in deferred cost pool	(152,068)	(86,744)
Total non-operating revenues (expenses)	<u>(960,512)</u>	<u>1,765,698</u>
Change in net position	(573,608)	1,562,833
Net Position - July 1, Restated	<u>33,040,165</u>	<u>31,477,332</u>
Net Position - June 30	<u>\$ 32,466,557</u>	<u>\$ 33,040,165</u>

Revenues and Expenses

The Authority's operating revenues and expenses increased over last year's amounts. Operating revenues increased by 5.54% and operating expenses increased by 2.62%.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Authority decreased by \$524,101 over the prior year. Capital additions of \$2,982,014 were recorded while net disposals of \$48,162 were removed from the books. Depreciation expense in the amount of \$3,457,953 was recorded.

All capital assets and capital improvements with an original cost of \$5,000 or more are capitalized and depreciated, if necessary, in accordance with Government Accounting Standards Board Statement No. 34. More information on capital assets is included in Note 3 of Notes to Financial Statements.

Table 3
Green Mountain Transit Authority
Capital Assets (Net of Depreciation)
June 30,

	2019	2018
Land	\$ 775,000	\$ 775,000
Construction in progress	196,186	244,348
Land easement - right of way	275,822	278,687
Buildings and improvements	14,959,645	14,830,330
Bus stops and shelters	834,984	970,790
Revenue vehicles	12,752,863	13,144,931
Non-revenue vehicles	85,149	118,133
Office equipment	16,577	32,905
Shop equipment	208,640	233,843
Total	\$ 30,104,866	\$ 30,628,967

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Authority has steadily maintained a sufficient unrestricted net position to sustain government operations for a period of approximately one month, while also maintaining significant reserve accounts for future capital and program needs. However, several factors including the following will have an impact on that balance:

- Fuel market volatility
- Expansion of services and service routes
- Purchases of additional buses
- Rising medical, workers' compensation and other insurance costs
- Declining State revenues and its effect on agency allocations
- Declining and/or level funded Federal grants

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Finance Department at 15 Industrial Parkway, Burlington, Vermont 05401.

STATEMENT A

GREEN MOUNTAIN TRANSIT AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30,

	2019	2018 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 1,098,224	\$ 1,232,473
Grants, assessments and other receivables, (net of allowance for uncollectibles)	4,929,457	2,437,752
Deferred cost pool (Note 11)	(419,331)	(267,263)
Inventories	721,817	662,976
Prepaid items	318,667	428,694
Total current assets	<u>6,648,834</u>	<u>4,494,632</u>
Noncurrent assets:		
Land, structures and equipment - net of accumulated depreciation and amortization (Note 3)	30,104,866	30,628,967
TOTAL ASSETS	<u>\$ 36,753,700</u>	<u>\$ 35,123,599</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 2,739,431	\$ 619,168
Accrued payroll expenses	230,646	182,827
Other accrued liabilities	119,970	109,976
Current portion of long-term obligations	82,797	37,009
Total current liabilities	<u>3,172,844</u>	<u>948,980</u>
Long-term liabilities:		
Noncurrent portion of long-term obligations:		
Note from direct borrowings payable (Note 4)	210,901	249,130
Accrued compensated absences (Note 5)	846,786	836,689
Total long-term liabilities	<u>1,057,687</u>	<u>1,085,819</u>
TOTAL LIABILITIES	<u>4,230,531</u>	<u>2,034,799</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	<u>56,612</u>	<u>48,635</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>56,612</u>	<u>48,635</u>
NET POSITION		
Net investment in capital assets	29,855,736	30,342,828
Restricted (Note 6)	823,730	957,675
Unrestricted (Note 7)	1,787,091	1,739,662
TOTAL NET POSITION	<u>32,466,557</u>	<u>33,040,165</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 36,753,700</u>	<u>\$ 35,123,599</u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT B

GREEN MOUNTAIN TRANSIT AUTHORITY

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2019			
	Urban	Rural	Total	2018
OPERATING REVENUES				
Purchase of services	\$ 2,308,206	\$ 2,338,344	\$ 4,646,550	\$ 4,075,932
Other income	166,820	33,055	199,875	121,080
Local subsidies	3,032,398	424,523	3,456,921	3,479,594
State subsidies	2,247,786	1,100,000	3,347,786	3,337,612
Federal subsidies	3,396,472	1,148,221	4,544,693	4,286,471
Other grants	3,152,988	2,134,794	5,287,782	5,054,846
TOTAL OPERATING REVENUES	14,304,670	7,178,937	21,483,607	20,355,535
OPERATING EXPENSES				
Transportation	<u>14,018,096</u>	<u>7,078,607</u>	<u>21,096,703</u>	<u>20,558,400</u>
OPERATING INCOME (LOSS)	286,574	100,330	386,904	(202,865)
NONOPERATING REVENUES (EXPENSES)				
SSTA lease payments	38,999	-	38,999	3,736
Interest income	729	19,684	20,413	4,799
Interest expense	(9,434)	-	(9,434)	(10,615)
Capital fund expense	(551,915)	(52,209)	(604,124)	(757,911)
Depreciation expense	<u>(2,893,998)</u>	<u>(563,955)</u>	<u>(3,457,953)</u>	<u>(3,337,388)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	(3,415,619)	(596,480)	(4,012,099)	(4,097,379)
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	(3,129,045)	(496,150)	(3,625,195)	(4,300,244)
CAPITAL CONTRIBUTIONS				
Capital contributions - grants	<u>2,651,700</u>	<u>551,955</u>	<u>3,203,655</u>	<u>5,949,821</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>2,651,700</u>	<u>551,955</u>	<u>3,203,655</u>	<u>5,949,821</u>
CHANGE IN DEFERRED COST POOL	<u>(152,068)</u>	<u>-</u>	<u>(152,068)</u>	<u>(86,744)</u>
CHANGE IN NET POSITION	<u>(629,413)</u>	<u>55,805</u>	<u>(573,608)</u>	<u>1,562,833</u>
NET POSITION - JULY 1, RESTATED	<u>30,888,267</u>	<u>2,151,898</u>	<u>33,040,165</u>	<u>31,477,332</u>
NET POSITION - JUNE 30	<u>\$ 30,258,854</u>	<u>\$ 2,207,703</u>	<u>\$ 32,466,557</u>	<u>\$ 33,040,165</u>

See accompanying independent auditors' report and notes to financial statements

STATEMENT C

GREEN MOUNTAIN TRANSIT AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 8,303,346	\$ 8,198,510
Receipts from operating grants	10,696,533	13,224,001
Payments to vendors	(5,215,728)	(8,086,591)
Payments to employees	<u>(13,635,277)</u>	<u>(13,258,479)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>148,874</u>	<u>77,441</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	20,413	4,799
Interest expense	<u>(9,434)</u>	<u>(10,615)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>10,979</u>	<u>(5,816)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
(Increase) decrease in land, structure and equipment	(2,858,614)	(5,935,025)
Payments for capital fund expenses	(604,124)	(757,911)
Proceeds from SSTA lease payments	1,990	3,736
Payments on leases	(37,009)	(35,828)
Proceeds from capital grants and contributions	<u>3,203,655</u>	<u>5,949,821</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(294,102)</u>	<u>(775,207)</u>
NET INCREASE (DECREASE) IN CASH	<u>(134,249)</u>	<u>(703,582)</u>
CASH AND CASH EQUIVALENTS - JULY 1	<u>1,232,473</u>	<u>1,936,055</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 1,098,224</u>	<u>\$ 1,232,473</u>

STATEMENT C (CONTINUED)
GREEN MOUNTAIN TRANSIT AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2019	2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 386,904	\$ (202,865)
Changes in operating assets and liabilities:		
(Increase) decrease in grants, assessments and other receivable	(2,491,705)	1,031,701
(Increase) decrease in inventories	(58,841)	(24,550)
(Increase) decrease in prepaid items	110,027	(185,380)
(Decrease) increase in accounts payable	2,120,263	(636,355)
(Decrease) increase in accrued payroll expenses	47,819	30,158
(Decrease) increase in deferred revenue	7,977	35,275
(Decrease) increase in other accrued liabilities	9,994	1,340
(Decrease) increase in accrued compensated absences	54,665	28,117
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 148,874</u>	<u>\$ 77,441</u>

See accompanying independent auditors' report and notes to financial statements.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Green Mountain Transit Authority was created in 1973 under the name Chittenden County Transportation Authority as a municipal corporation by an Act of the General Assembly of the State of Vermont. The Authority was formed for the purpose of providing public transportation services in Chittenden County. Fixed route (bus) transportation is provided in the following GMTA member communities: Burlington, Essex, Hinesburg, Milton, Shelburne, South Burlington, Williston and Winooski. Paratransit service for people with disabilities is provided in those communities where it is required and Colchester. GMTA is governed by a Board of Commissioners consisting of one commissioner from each member community with the exception of Burlington who has two. The name of the Authority was changed to Green Mountain Transit Authority in the current fiscal year.

With the addition of Green Mountain Transit Agency on July 1, 2011, GMTA now also provides public transportation in Washington, Lamoille, Franklin and Grand Isle Counties in Vermont and the municipalities of Washington, Williamstown and Orange in Orange County, Vermont. GMTA currently provides a variety of transportation options including deviated fixed route bus service in Montpelier and Barre, Medicaid brokering for eligible recipients, commuter routes to Waterbury, Montpelier, Burlington, Morristown, Richford, Alburg, St. Albans City and St. Albans Town, volunteer drivers and Ticket-To-Ride program. In addition, GMTA participates with the Central Vermont Council on Aging, Barre Project Independence, Care Partners, Vermont Center for Independent Living, CIDER, Central Vermont Area Aging and the Franklin County Senior Center, in the Elderly and Disabled Program.

The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Authority has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Authority has chosen not to do so.

The Authority's combined financial statements include all accounts and all operations of the Authority. We have determined that the Authority has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standards

During the year ended June 30, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations." This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund Financial Statements

In the government-wide Statement of Net Position, the business-type activities are (a) presented on a consolidated basis and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The Authority first utilizes restricted resources to finance qualifying activities.

The net costs (by function) are normally covered by general revenue (certain intergovernmental revenues and charges for services, etc.).

The proprietary fund focus is more on the sustainability of the Authority as an entity and the change in the Authority's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Authority are reported in one fund in the financial statements. This fund is accounted for by providing self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures/expenses. The following fund type is used by the Authority:

1. Proprietary Fund

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary fund of the Authority:

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Fund

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The activity of the Authority is in one major fund and there are no nonmajor funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Business-type activities in the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Authority's policy to value investments at fair value. None of the Authority's investments are reported at amortized cost. The Authority's Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory of the Authority consists of tickets, fuel, oil, materials and supplies.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$2,008,041 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2019. Allowances for uncollectible accounts netted with grants receivable were \$2,921,417 for the year ended June 30, 2019. The allowance for uncollectible accounts for grants receivable is estimated to be \$0 as of June 30, 2019.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more and a useful life longer than one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Land easement - right of way	99 years
Buildings and improvements	10-50 years
Bus stops and shelters	5-20 years
Office equipment	5-10 years
Revenue vehicles	7-12 years
Shop equipment	7-20 years
Non-revenue vehicles	4-12 years
Computer equipment/software	3 years

Long-term Obligations

All long-term debt to be repaid from business-type resources is reported as liabilities in proprietary fund statements. The long-term debt consists of a note from direct borrowings payable and accrued compensated absences.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating or capital grants and contributions, including special assessments).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenue qualifies for reporting in this category. This item is reported in both the statements of net position and proprietary funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, operating budget appropriations lapse at fiscal year-end and capital budget appropriations remain available until appropriations are liquidated. The Authority does not utilize encumbrance accounting for its operations.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

During the preparation of the Authority's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Authority consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Authority funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Authority will not be able to recover its deposits. The Authority does not have a policy covering custodial credit risk for deposits. However, the Authority maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF. At June 30, 2019, the Authority's cash balances amounting to \$1,098,224 were comprised of deposits of \$1,595,717. Of these bank deposits, \$250,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$1,345,717 was insured or collateralized with securities held by the financial institution in the Authority's name and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 589,351
Repurchase agreements	1,006,366
	<u><u>\$ 1,595,717</u></u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2019, the Authority did not have any investments.

Credit risk - Statutes for the State of Vermont authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. Generally, the Authority invests excess funds in cash management accounts and various insured certificates of deposit.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19
Primary government:				
Non-depreciated assets:				
Land	\$ 775,000	\$ -	\$ -	\$ 775,000
Construction in progress	244,348	-	(48,162)	196,186
	<u>1,019,348</u>	<u>-</u>	<u>(48,162)</u>	<u>971,186</u>
Depreciated assets:				
Land easement - right of way	283,600	-	-	283,600
Buildings and improvements	17,684,900	604,283	-	18,289,183
Bus stops and shelters	2,732,918	-	-	2,732,918
Revenue vehicles	34,456,738	2,377,731	(75,854)	36,758,615
Non-revenue vehicles	395,197	-	-	395,197
Office equipment	23,785	-	-	23,785
Computer equipment/software	330,238	-	-	330,238
Bus accessories	127,753	-	-	127,753
Shop equipment	544,689	-	-	544,689
	<u>56,579,818</u>	<u>2,982,014</u>	<u>(75,854)</u>	<u>59,485,978</u>
Less: accumulated depreciation	(26,970,199)	(3,457,953)	75,854	(30,352,298)
Net depreciated capital assets	<u>29,609,619</u>	<u>(475,939)</u>	<u>-</u>	<u>29,133,680</u>
Total net capital assets	<u>\$ 30,628,967</u>	<u>\$ (475,939)</u>	<u>\$ (48,162)</u>	<u>\$ 30,104,866</u>

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 4 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
Note from direct borrowings payable	<u>\$ 286,139</u>	<u>\$ -</u>	<u>\$ (37,009)</u>	<u>\$ 249,130</u>	<u>\$ 38,229</u>

A summary of the outstanding note from direct borrowings payable is as follows:

The Authority entered into a capital lease payable with Municipal Leasing Consultants, LLC dated as of July 2, 2012 to acquire 10 replacement motor coaches. Under the agreement the Authority pays annual principal and interest payments of \$46,443 through July 2, 2024.

\$ 249,130

The following is a summary of the outstanding note from direct borrowings payable requirements for the fiscal years ending June 30:

Year Ending June 30:	Principal	Interest
2020	\$ 38,229	\$ 8,214
2021	39,489	6,953
2022	40,791	5,651
2023	42,135	4,307
2024	43,525	2,917
2025-2029	<u>44,961</u>	<u>1,482</u>
	<u>\$ 249,130</u>	<u>\$ 29,524</u>

NOTE 5 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Current Portion
Accrued compensated absences	<u>\$ 836,689</u>	<u>\$ 54,665</u>	<u>\$ -</u>	<u>\$ 891,354</u>	<u>\$ 44,568</u>

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

NOTE 5 - OTHER LONG-TERM OBLIGATIONS (CONTINUED)

The Authority's policies regarding combined time off permit employees to accumulate earned but unused combined time off. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements.

NOTE 6 - RESTRICTED NET POSITION

The following net position has been restricted at June 30, for the following purposes:

	<u>2019</u>	<u>2018</u>
Restricted for obligated local match		
on capital purchases	\$ 329,708	\$ 66,620
Restricted by the Board for future capital match	<u>494,022</u>	<u>891,055</u>
	<u><u>\$ 823,730</u></u>	<u><u>\$ 957,675</u></u>

NOTE 7 - NET POSITION

The following table discloses the composition of net position at June 30, 2019, separated between Rural and Urban programs:

	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
Net investment in capital assets	\$ 28,195,454	\$ 1,660,282	\$ 29,855,736
Restricted net position (Note 6)	400,712	423,018	823,730
Unrestricted net position:			
Unrestricted, operating reserve	<u>1,662,688</u>	<u>124,403</u>	<u>1,787,091</u>
	<u><u>\$ 30,258,854</u></u>	<u><u>\$ 2,207,703</u></u>	<u><u>\$ 32,466,557</u></u>

The Authority currently has approximately one month of operating expenses in unrestricted net position.

NOTE 8 - RETIREMENT PLAN

Green Mountain Transit Authority contributes to a qualified 401(a) plan covering all eligible employees who have completed one year of service and have attained the age of 21. The plan is administered by Future Planning Associates, Inc. Employee contributions vest immediately, and employer contributions are 100% vested after three years of service. Normal retirement age is 65, however, the pension plan also provides for early retirement at age 62 with completion of three years of service. GMTA's contribution will be equal to 3% or more of the eligible employees' gross wages for that

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

NOTE 8 - RETIREMENT PLAN (CONTINUED)

year. Employee contributions during fiscal years ended June 30, 2019 and 2018, respectively, were \$384,317 and \$367,029. Pension expense for fiscal years ended June 30, 2019 and 2018, respectively, was \$359,559 and \$337,220. Total payroll covered under the plan is \$7,386,381.

NOTE 9 - CONTINGENCY

The Authority receives federal funds through grants and loans. Closeout of these grants may not happen until subsequent fiscal years. The Authority may be responsible for returning federal funds based upon the close out of these grants.

NOTE 10 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority maintains insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to GMTA. Settled claims have not exceeded this coverage in any of the past three fiscal years.

GMTA is self-insured for unemployment coverage. The Authority must pay the Vermont Department of Labor for any paid claims. GMTA paid \$33,885 and \$38,274 for unemployment claims for the years ended June 30, 2019 and 2018, respectively.

NOTE 11 - DEFERRED COST POOL

For the fiscal years ended June 30, 2019 and 2018, the Authority used a Simplified Allocation Method with a fixed rate and a carryforward provision as prescribed under the Uniform Guidance. This methodology resulted in an under-allocation of general and administration costs at June 30, 2019 of \$152,068 and an under-allocation of general and administration costs at June 30, 2018 of \$86,744.

NOTE 12 - RESTATEMENT

In 2019, the Authority became aware that a transaction had been recorded incorrectly. Therefore, a restatement to the beginning net position was required. The beginning net position was restated by a decrease of \$286,139 to a balance of \$33,040,165 to record the note from direct borrowings payable.

SCHEDULE A

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF OPERATING REVENUES AND SUBSIDIES
FOR THE YEARS ENDED JUNE 30,

	Urban	Rural	2019	Total 2018
Operating Revenues:				
Passenger fares:				
Fixed route	\$ 2,169,993	\$ 135,266	\$ 2,305,259	\$ 2,255,904
Paratransit	100,135	-	100,135	97,896
Subtotal passenger fares	<u>2,270,128</u>	<u>135,266</u>	<u>2,405,394</u>	<u>2,353,800</u>
Purchase of services:				
Fixed route	38,078	2,203,078	2,241,156	1,722,132
Total other purchase of services	<u>2,308,206</u>	<u>2,338,344</u>	<u>4,646,550</u>	<u>4,075,932</u>
Other income:				
Advertising	159,723	29,100	188,823	87,294
Gain (loss) - sale of asset	-	505	505	19,746
Other income	7,097	3,450	10,547	14,040
Subtotal other income	<u>166,820</u>	<u>33,055</u>	<u>199,875</u>	<u>121,080</u>
Local subsidies:				
Fixed route operating	2,394,631	424,523	2,819,154	2,279,717
Paratransit operating	637,767	-	637,767	627,908
Municipal donations	-	-	-	571,969
Subtotal local subsidies	<u>3,032,398</u>	<u>424,523</u>	<u>3,456,921</u>	<u>3,479,594</u>
State subsidies - State operating grant	<u>2,247,786</u>	<u>1,100,000</u>	<u>3,347,786</u>	<u>3,337,612</u>
Federal subsidies - Federal operating grant	<u>3,396,472</u>	<u>1,148,221</u>	<u>4,544,693</u>	<u>4,286,471</u>
Other grants:				
Planning revenue	362,106	8,183	370,289	415,293
Grants - JARC, CMAQ, other	2,790,882	2,126,611	4,917,493	4,639,553
Subtotal other grants	<u>3,152,988</u>	<u>2,134,794</u>	<u>5,287,782</u>	<u>5,054,846</u>
Total operating revenues	<u>14,304,670</u>	<u>7,178,937</u>	<u>21,483,607</u>	<u>20,355,535</u>

SCHEDULE A (CONTINUED)
GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF OPERATING REVENUES AND SUBSIDIES
FOR THE YEARS ENDED JUNE 30,

	Urban	Rural	<u>2019</u>	<u>Total</u> <u>2018</u>
Nonoperating revenues:				
Local contributions:				
SSTA lease payments	38,999	-	38,999	3,736
Interest income	729	19,684	20,413	4,799
Total nonoperating revenue	<u>39,728</u>	<u>19,684</u>	<u>59,412</u>	<u>8,535</u>
Total revenues from operating grants and subsidies	<u>\$ 14,344,398</u>	<u>\$ 7,198,621</u>	<u>\$ 21,543,019</u>	<u>\$ 20,364,070</u>

See accompanying independent auditors' report and notes to financial statements.

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Urban									
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	Urban Total
Operating Expenses:										
Labor:										
Operators' salaries and wages	\$ -	\$ 4,330,338	\$ 878,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,208,860
Other salaries and wages	724,883	441,817	149,207	-	83,708	209,566	3,559	45,027	14,812	1,672,579
Subtotal labor	<u>724,883</u>	<u>4,772,155</u>	<u>1,027,729</u>	<u>-</u>	<u>83,708</u>	<u>209,566</u>	<u>3,559</u>	<u>45,027</u>	<u>14,812</u>	<u>6,881,439</u>
Fringe benefits:										
Payroll taxes	57,806	385,856	78,113	-	5,917	20,959	196	3,441	1,202	553,490
Pension plan	41,915	197,311	35,060	-	5,993	10,286	-	3,528	-	294,093
Life insurance and short-term disability plan	15,124	69,201	15,732	-	1,754	2,648	52	525	-	105,036
Medical plan	164,836	1,241,785	257,235	-	29,262	38,808	797	15,197	2,590	1,750,510
Dental plan	9,807	78,514	15,139	-	1,722	2,240	36	810	138	108,406
Employer flex contribution	-	(4,398)	-	-	-	-	-	-	-	(4,398)
Vision reimbursement	986	2,175	-	-	325	-	-	-	-	3,486
Vision plan	1,258	9,997	1,884	-	225	279	6	102	17	13,768
Employee testing	501	7,081	1,103	-	-	-	-	-	-	8,685
Employee referral program	-	400	-	-	-	-	-	-	-	400
Unemployment insurance	-	-	-	-	-	-	-	-	-	-
Other employee benefits	11,423	5,568	296	-	-	-	-	-	-	17,287
Uniform and work clothing allowance	-	23,205	20,169	-	-	-	-	-	-	43,374
Employee development	23,408	2,487	2,276	1,864	1,094	-	-	-	-	31,129
Tool allowance	-	-	11,550	-	-	-	-	-	-	11,550
Subtotal fringe benefits	<u>327,064</u>	<u>2,019,182</u>	<u>438,557</u>	<u>1,864</u>	<u>46,292</u>	<u>75,220</u>	<u>1,087</u>	<u>23,603</u>	<u>3,947</u>	<u>2,936,816</u>
Services:										
Legal fees	30,943	9,797	-	-	-	-	-	-	-	40,740
Accounting and audit fees	30,600	-	-	-	-	-	-	-	-	30,600
Cleaning	1,774	136	21,709	-	-	-	-	-	-	23,619
Consultants	14,210	-	-	-	-	-	-	7,959	-	22,169
Subtotal services	<u>77,527</u>	<u>9,933</u>	<u>21,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,959</u>	<u>-</u>	<u>117,128</u>

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural								Rural	2019 Total	2018 Total	
	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders and Disabled	Broker Services	Mobility Manager	Capital Exp./ Depreciation			
Operating Expenses:												
Labor:												
Operators' salaries and wages	\$ 1,981,816	\$ 156,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,138,566	\$ 7,347,426	\$ 6,658,408
Other salaries and wages	392,190	44,087	61,581	-	(1,115)	13,487	316,229	5,463	782	832,704	2,505,283	2,732,500
Subtotal labor	2,374,006	200,837	61,581	-	(1,115)	13,487	316,229	5,463	782	2,971,270	9,852,709	9,390,908
Fringe benefits:												
Payroll taxes	178,092	15,625	4,642	-	3	1,024	23,967	412	59	223,824	777,314	715,640
Pension plan	56,748	1,968	2,491	-	-	-	4,259	-	-	65,466	359,559	337,220
Life insurance and short-term disability plan	28,994	3,055	1,278	-	-	5,802	1,729	-	-	40,858	145,894	148,379
Medical plan	364,441	45,830	19,322	-	14	4,276	59,486	1,075	163	494,607	2,245,117	2,320,479
Dental plan	18,094	3,213	1,265	-	1	287	5,246	62	9	28,177	136,583	149,748
Employer flex contribution	-	-	-	-	-	-	-	-	-	-	(4,398)	(2,411)
Vision reimbursement	165	-	-	-	-	-	-	-	-	165	3,651	3,548
Vision plan	2,537	390	166	-	-	36	638	7	1	3,775	17,543	24,059
Employee testing	11,622	195	-	-	-	-	5,367	-	-	17,184	25,869	29,984
Employee referral program	-	-	-	-	-	-	-	-	-	-	400	1,800
Unemployment insurance	-	-	-	-	-	-	-	-	-	-	-	33,885
Other employee benefits	2,796	-	-	-	-	-	-	-	-	2,796	20,083	21,749
Uniform and work clothing allowance	7,887	3,934	-	-	-	-	-	-	-	11,821	55,195	67,028
Employee development	-	648	-	18,486	-	-	-	-	-	19,134	50,263	60,988
Tool allowance	-	2,200	-	-	-	-	-	-	-	2,200	13,750	13,750
Subtotal fringe benefits	671,376	77,058	29,164	18,486	18	11,425	100,692	1,556	232	910,007	3,846,823	3,925,846
Services:												
Legal fees	-	-	-	-	-	-	-	-	-	-	40,740	13,395
Accounting and audit fees	-	-	-	-	-	-	-	-	-	-	30,600	23,350
Cleaning	2,238	8,376	-	-	-	-	699	-	-	11,313	34,932	28,775
Consultants	-	-	-	-	-	-	-	-	-	-	22,169	7,987
Subtotal services	2,238	8,376	-	-	-	-	699	-	-	11,313	128,441	73,507

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Urban									
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	Urban Total
Materials and supplies:										
Fuels and lubricants	-	981,516	-	-	-	-	-	-	-	981,516
Tires and tubes	-	-	42,833	-	-	-	-	-	-	42,833
Other materials and supplies:										
Hardware	-	-	44,274	-	-	-	-	-	-	44,274
Facility maintenance	-	-	70,713	-	-	-	-	-	-	70,713
Small tools expense	-	-	8,784	-	-	-	-	-	-	8,784
Parts expense:										
Service vehicles	-	-	6,927	-	-	-	-	-	-	6,927
Revenue vehicles	-	-	429,640	-	-	-	-	-	-	429,640
Maintenance supplies	-	-	40,473	-	-	-	-	-	-	40,473
Radio maintenance	-	-	3,922	-	-	-	-	-	-	3,922
Repeater fees	-	19,980	-	-	-	-	-	-	-	19,980
Safety expense	-	566	-	-	-	-	-	-	-	566
Kiosk/shelter expense	-	-	-	-	-	-	-	-	-	-
Vehicle registrations	-	773	-	-	-	-	-	-	-	773
Subtotal materials and supplies	-	1,002,835	647,566	-	-	-	-	-	-	1,650,401
Utilities:										
Light, heat and water	19,750	5,404	145,498	-	-	-	-	-	-	170,652
Communications	12,861	25,913	6,502	-	1,307	871	-	-	-	47,454
Subtotal utilities	32,611	31,317	152,000	-	1,307	871	-	-	-	218,106
Casualty and liability costs:										
Insurance premiums	96,387	757,644	131,179	-	7,486	7,300	114	-	-	1,000,110
Subtotal casualty and liability costs	96,387	757,644	131,179	-	7,486	7,300	114	-	-	1,000,110

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural								Rural	2019	2018	
	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders and Disabled	Broker Services	Mobility Manager	Capital Exp./ Depreciation	Total	Total	Total
Materials and supplies:												
Fuels and lubricants	383,606	-	-	-	-	-	-	-	-	383,606	1,365,122	1,344,522
Tires and tubes	-	31,685	-	-	-	-	-	-	-	31,685	74,518	104,345
Other materials and supplies:												
Hardware	-	12,451	-	-	-	-	-	-	-	12,451	56,725	63,027
Facility maintenance	-	40,887	-	-	-	-	-	-	-	40,887	111,600	131,831
Small tools expense	-	1,050	-	-	-	-	-	-	-	1,050	9,834	13,591
Parts expense:												
Service vehicles	-	814	-	-	-	-	-	-	-	814	7,741	4,372
Revenue vehicles	-	262,826	-	-	-	-	-	-	-	262,826	692,466	799,115
Maintenance supplies	-	10,466	-	-	-	-	-	-	-	10,466	50,939	50,448
Radio maintenance	-	792	-	-	-	-	-	-	-	792	4,714	5,856
Repeater fees	16,722	-	-	-	-	-	-	-	-	16,722	36,702	41,040
Safety expense	-	-	-	-	-	-	-	-	-	-	566	998
Kiosk/shelter expense	-	-	-	-	-	-	-	-	-	-	-	2,463
Vehicle registrations	137	-	-	-	-	-	-	-	-	137	910	1,094
Subtotal materials and supplies	<u>400,465</u>	<u>360,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>761,436</u>	<u>2,411,837</u>	<u>2,562,702</u>
Utilities:												
Light, heat and water	19,427	33,708	-	-	-	-	5,478	-	-	58,613	229,265	218,647
Communications	23,753	-	-	-	-	-	9,249	-	-	33,002	80,456	83,785
Subtotal utilities	<u>43,180</u>	<u>33,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,727</u>	<u>-</u>	<u>-</u>	<u>91,615</u>	<u>309,721</u>	<u>302,432</u>
Casualty and liability costs:												
Insurance premiums	328,001	39,420	7,131	-	14,281	-	30,793	-	-	419,626	1,419,736	1,188,263
Subtotal casualty and liability costs	<u>328,001</u>	<u>39,420</u>	<u>7,131</u>	<u>-</u>	<u>14,281</u>	<u>-</u>	<u>30,793</u>	<u>-</u>	<u>-</u>	<u>419,626</u>	<u>1,419,736</u>	<u>1,188,263</u>

SCHEDULE B (CONTINUED)

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Urban									
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	Urban Total
General and administration:										
Dues and subscriptions	29,946	-	-	-	-	-	349	-	-	30,295
Travel, meetings and meals	3,475	-	-	-	266	-	-	-	-	3,741
Marketing expense	-	-	-	-	25,570	-	-	300	-	25,870
Advertising/public information	-	-	-	-	22,272	-	-	-	-	22,272
Office supplies	29,392	641	-	-	-	-	-	-	-	30,033
Fare media	-	-	-	-	14,903	-	-	-	-	14,903
Recruiting	1,956	4,705	3,821	-	2,319	-	-	-	-	12,801
Computer services	59,689	-	3,572	-	-	-	-	-	-	63,261
Postage and freight	8,947	-	-	-	-	-	-	-	-	8,947
Bank charges	10,917	-	-	-	-	-	-	-	-	10,917
Rent expense	-	600	-	-	-	-	-	-	-	600
Subtotal general and administration	144,322	5,946	7,393	-	65,330	-	349	300	-	223,640

SCHEDULE B (CONTINUED)

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural									2019	2018	
	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders and Disabled	Broker Services	Mobility Manager	Capital Exp./ Depreciation	Rural Total	Total	Total
General and administration:												
Dues and subscriptions	-	-	-	-	-	-	-	-	-	30,295	32,075	
Travel, meetings and meals	-	63	37	-	-	117	69	89	-	375	4,116	6,458
Marketing expense	-	-	30,115	-	-	-	-	-	-	30,115	55,985	60,040
Advertising/public information	-	-	10,698	-	-	-	-	-	-	10,698	32,970	25,179
Office supplies	4,278	-	-	-	-	-	1,045	-	-	5,323	35,356	35,406
Fare media	-	-	1,390	-	-	-	-	-	-	1,390	16,293	24,120
Recruiting	11,139	95	-	-	-	-	-	-	-	11,234	24,035	26,883
Computer services	59	1,531	-	-	-	-	-	-	-	1,590	64,851	70,448
Postage and freight	-	-	-	-	-	-	-	-	-	-	8,947	10,730
Bank charges	-	-	-	-	-	-	-	-	-	-	10,917	9,733
Rent expense	600	33,300	-	-	-	-	-	-	-	33,900	34,500	32,100
Subtotal general and administration	16,076	34,989	42,240	-	-	117	1,114	89	-	94,625	318,265	333,172

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Urban									
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	Urban Total
Miscellaneous expenses:										
Park and ride lease payments	-	27,089	-	-	-	-	-	-	-	27,089
Planning expenses	-	-	-	-	-	82,010	-	-	-	82,010
Cash counting expense	4,015	-	-	-	-	-	-	-	-	4,015
Paratransit transportation expense	-	-	-	-	-	-	1,227,554	-	-	1,227,554
Volunteer mileage reimbursements	-	-	-	-	-	-	-	-	-	-
Contracted transportation expense	-	19,833	-	-	-	-	-	-	-	19,833
Other miscellaneous expenses	-	13,195	-	-	-	-	-	-	-	13,195
Other misc. - parking expense	-	-	-	-	-	-	-	-	-	-
Subtotal miscellaneous expenses	4,015	60,117	-	-	-	82,010	1,227,554	-	-	1,373,696
Total operating expenses	1,406,809	8,659,129	2,426,133	1,864	204,123	374,967	1,232,663	76,889	18,759	14,401,336
Nonoperating expenses:										
Capital fund expenses	-	-	-	-	-	-	-	-	551,915	551,915
Depreciation expense	-	-	-	-	-	-	-	-	2,893,998	2,893,998
Interest expense	9,434	-	-	-	-	-	-	-	-	9,434
Subtotal nonoperating expenses	9,434	-	-	-	-	-	-	-	3,445,913	3,455,347
Total expenses	1,416,243	8,659,129	2,426,133	1,864	204,123	374,967	1,232,663	76,889	3,464,672	17,856,683
General administration allocation	(1,544,459)	985,316	121,029	171	18,677	26,806	468	7,035	1,717	(383,240)
Deferred Cost Pool - Current year	152,068	-	-	-	-	-	-	-	-	152,068
Total change in deferred cost pool	152,068	-	-	-	-	-	-	-	-	152,068
Net expenses	\$ 23,852	\$ 9,644,445	\$ 2,547,162	\$ 2,035	\$ 222,800	\$ 401,773	\$ 1,233,131	\$ 83,924	\$ 3,466,389	\$ 17,625,511

SCHEDULE B (CONTINUED)

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural								2019	2018	
	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders and Disabled	Broker Services	Mobility Manager	Capital Exp./ Depreciation	Rural Total	Total
Miscellaneous expenses:											
Park and ride lease payments	-	-	-	-	-	-	-	-	-	27,089	27,544
Planning expenses	41	-	-	-	10,229	-	-	-	-	10,270	92,280
Cash counting expense	-	-	-	-	-	-	-	-	-	4,015	4,390
Paratransit transportation expense	-	-	-	-	-	-	-	-	-	1,227,554	1,161,518
Volunteer mileage reimbursements	-	-	-	-	162,651	380,156	-	-	542,807	542,807	510,780
Contracted transportation expense	-	-	-	-	619,403	262,995	-	-	882,398	902,231	847,791
Other miscellaneous expenses	-	-	-	-	-	-	-	-	-	13,195	5,386
Other misc. - parking expense	-	-	-	-	-	-	-	-	-	-	75
Subtotal miscellaneous expenses	41	-	-	-	10,229	782,054	643,151	-	-	1,435,475	2,809,171
Total operating expenses	3,835,383	755,359	140,116	18,486	23,413	807,083	1,107,405	7,108	1,014	6,695,367	21,096,703
Nonoperating expenses:											
Capital fund expenses	-	-	-	-	-	-	-	-	52,209	52,209	604,124
Depreciation expense	-	-	-	-	-	-	-	-	563,955	563,955	3,457,953
Interest expense	-	-	-	-	-	-	-	-	-	9,434	46,443
Subtotal nonoperating expenses	-	-	-	-	-	-	-	-	616,164	616,164	4,071,511
Total expenses	3,835,383	755,359	140,116	18,486	23,413	807,083	1,107,405	7,108	617,178	7,311,531	25,168,214
General administration allocation	152,678	170,077	12,831	-	2,142	2,290	42,479	650	93	383,240	-
Deferred Cost Pool - Current year	-	-	-	-	-	-	-	-	-	-	152,068
Total change in deferred cost pool	-	-	-	-	-	-	-	-	-	-	86,744
Net expenses	\$ 3,988,061	\$ 925,436	\$ 152,947	\$ 18,486	\$ 25,555	\$ 809,373	\$ 1,149,884	\$ 7,758	\$ 617,271	\$ 7,694,771	\$ 25,320,282
											\$ 24,786,886

See accompanying independent auditors' report and notes to financial statements.

GREEN MOUNTAIN TRANSIT AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor Pass-through Grantor Program Title or Cluster	Federal CFDA Number	Pass-Through Grantor Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION:				
Federal Transit Cluster:				
Direct Programs:				
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-03-0048	\$ 11,560	\$ -
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0011	1,721	-
Passed through State of Vermont, Agency of Transportation:				
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0021	107,060	-
			120,341	-
Direct Programs:				
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-90-0072	17,876	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-2016-001	8,845	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-2018-002	14,647	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-2019-004	125,592	-
Federal Transit Formula Grants - Preventive Maintenance	20.507	VT-2018-001	895,543	-
Federal Transit Formula Grants - Preventive Maintenance	20.507	VT-2018-001	516,112	-
Federal Transit Formula Grants - Preventive Maintenance	20.507	VT-2019-004	718,141	-
Federal Transit Formula Grants - Operating	20.507	VT-2017-006	475,227	-
Federal Transit Formula Grants - Operating	20.507	VT-2018-002	2,829,993	-
Federal Transit Formula Grants - Operating	20.507	VT-2019-003	91,252	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-95-0017	3,513	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-2016-001	245,033	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-2017-005	750,977	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-2018-001	29,400	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-2019-004	23,416	-
Passed through State of Vermont, Agency of Transportation:				
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-2019-005	1,067,976	-
			7,813,543	-
Passed through State of Vermont, Agency of Transportation:				
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Program - Capital Assistance Program	20.526	VT-2017-003	79,104	-
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Program - Capital Assistance Program	20.526	VT-2018-003	15,990	-
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Program - Capital Assistance Program	20.526	VT-2019-001	80,018	-
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Program - Capital Assistance Program	20.526	VT-2018-007	448,968	-
			624,080	-
Subtotal Federal Transit Cluster			8,557,964	-

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor Pass-through Grantor Program Title or Cluster	Federal CFDA Number	Pass-Through Identifying Grantor Number	Total Federal Expenditures	Expenditures to Subrecipients
Passed through State of Vermont, Agency of Transportation: Highway Planning and Construction - FHWA Capital	20.205	101-TB-LG03	2,709	-
Passed through Chittenden County Regional Planning Commission (CCRPC): Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research - CCRPC	20.505	PL 2019-04	321,872	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research - Rural Planning	20.505	VT-2018-004	8,183	-
Subtotal Highway Planning and Construction			<u>332,764</u>	<u>-</u>
Passed through State of Vermont, Agency of Transportation: Formula Grants for Rural Areas and Tribal Transit Program - Admin	20.509	VT-2018-008	548,221	-
Formula Grants for Rural Areas and Tribal Transit Program - Capital Assist	20.509	VT-2018-005	39,703	-
Formula Grants for Rural Areas and Tribal Transit Program - Operating As:	20.509	VT-2018-005	600,000	-
Formula Grants for Rural Areas and Tribal Transit Program - Preventive Ma:	20.509	VT-2018-008	581,779	-
Formula Grants for Rural Areas and Tribal Transit Program - E&D - Washington, Franklin & Grand Isle Counties - Rural	20.509	VT-2018-008	1,074,019	-
Formula Grants for Rural Areas and Tribal Transit Program - RTAP	20.509	VT-2018-005	18,000	-
Formula Grants for Rural Areas and Tribal Transit Program - CMAQ US2 Commuter/Stowe/Capital Shuttle	20.509	VT-2018-008	300,000	-
Subtotal Formula Grants for Rural Areas and Tribal Transit Program			<u>3,161,722</u>	<u>-</u>
Passed through State of Vermont, Agency of Transportation: Enhanced Mobility of Seniors and Individuals with Disabilities - Capital Assistance Program	20.513	VT-2018-006	332,407	-
Enhanced Mobility of Seniors and Individuals with Disabilities - Capital Assistance Program	20.513	VT-2018-006	6,206	-
Enhanced Mobility of Seniors and Individuals with Disabilities - Capital Assistance Program	20.513	VT-2018-006	67,140	-
Subtotal Enhanced Mobility of Seniors and Individuals with Disabilities			<u>405,753</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 12,458,203</u>	<u>\$ -</u>

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal awards activity of Green Mountain Transit Authority under programs of the federal government for the year ended June 30, 2019. The federal awards activity presented in the Schedule includes all federal awards received directly from federal agencies as well as federal awards passed through other government agencies. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Since the Schedule presents only a selected portion of the operations of the Green Mountain Transit Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Green Mountain Transit Authority.

2. Summary of Significant Accounting Policies

- a. Expenditures presented on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Green Mountain Transit Authority elected to use a 9.55% fixed indirect cost rate for fiscal year 2019, as approved by the Federal Transit Administration. The approved fixed indirect cost rate used by Green Mountain Transit Authority in fiscal year 2019 is calculated using an indirect cost rate base type of modified total direct costs.

3. Major Programs - Federal

The following programs were considered major programs as defined by the Uniform Guidance and also Type A programs as defined by the Uniform Guidance. These programs were tested due to the Agency being classified as low-risk as defined in the Uniform Guidance:

<u>Program</u>	<u>CFDA #</u>
Federal Transit Cluster	20.500/20.507/20.526



Proven Expertise & Integrity

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Green Mountain Transit Authority
Burlington, Vermont

We have audited, in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the major fund of the Green Mountain Transit Authority as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Green Mountain Transit Authority's basic financial statements and have issued our report thereon dated February 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Green Mountain Transit Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Green Mountain Transit Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Green Mountain Transit Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Green Mountain Transit Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
February 10, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Commissioners
Green Mountain Transit Authority
Burlington, Vermont

Report on Compliance for Each Major Federal Program

We have audited Green Mountain Transit Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Green Mountain Transit Authority's major federal programs for the year ended June 30, 2019. Green Mountain Transit Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Green Mountain Transit Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Green Mountain Transit Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Green Mountain Transit Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Green Mountain Transit Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Green Mountain Transit Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Green Mountain Transit Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Green Mountain Transit Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
February 10, 2020

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes no
- Significant deficiency(ies) identified? _____yes no
- Noncompliance material to financial statements noted? _____yes no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? _____yes no
- Significant deficiency(ies) identified? _____yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported

In accordance with 2 CFR 200.516(a) _____yes no

Identification of major programs:

CFDA Numbers Name of Federal Program or Cluster

20.500/20.507/20.526 Federal Transit Cluster

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes _____no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None